7. Certification of GHG Reductions

Certification refers to certifying whether the measured GHG reductions actually occurred. This definition reflects the language in the Kyoto Protocol regarding the Clean Development Mechanism and "certified emission reductions." However, as noted in Section 1.1, some argue that "certification" could be done ex-ante, to certify a proposed offset, assuming that it is carried out as planned. Similarly, some propose CDM projects to be "certified" when they are approved by a host country; however, in this situation, "registered" or "validated" appears to be a more accurate descriptor (see UNFCCC 1998b).

At this time, certification is expected to simply be the outcome of a verification process: i.e., no other measurement and evaluation activities are expected to be conducted. Each of the Kyoto Protocol's flexibility mechanisms (e.g., joint implementation (Article 6), Clean Development Mechanism (Article 12), and emissions trading (Article 17)) requires some form of "government approval" either at the point of transfer, or under Article 3, at the point that the part of the assigned amount or emissions reduction unit is added to or deducted from Annex I Parties' assigned amount. However, only Article 12 provides for a process of auditing and certification that would provide for an objective assessment of whether the transfer was likely to result in net emissions reduction. Hence, part of the discussions in implementing the Kyoto Protocol will focus on the establishment of certification procedures for emissions reduction units generated and traded through these mechanisms.

The value-added function of certification is in the transfer of liability/responsibility to the certifier (personal communication from Marc Stuart, EcoSecurities, Ltd., Jan. 21, 1999). The amount of liability will be negotiated for each specific contract. Ultimately, sellers of emissions reduction units (credits) are responsible for the quality of the credits they deliver. The sellers would, therefore, need to provide the appropriate documentation before they could transfer the credits. This is what certification provides. In the case of CDM credits, there is a great responsibility on the part of the certifiers, since non-Annex I countries are unlikely to have UNFCCC-level penalties in place. A private entity that comes under liability due to credit delivery failure would have some recourse against the certifier of the failed emission credit.

Certification companies need to be accredited by some higher body: e.g., an international accreditation board, established under the auspices of the UNFCCC.[1] This board would certify

[1] An alternative accreditation option is to place all accreditation procedures into the International Standards Organization (ISO) process. The ISO is the standard keeper for a variety of process

companies and make sure these companies are abiding by certain standards (e.g., via spot auditing). For instance, SGS (see Section 1.6.3), Rainforest Alliance, and the Soil Association are certification companies that are accredited by the Forest Stewardship Council to certify that forests meet the standards of the Forest Stewardship Council as set forth in their "Principles and Criteria for Forest Management" (see Section 1.6.7) (personal communication from Pedro Moura-Costa, EcoSecurities, Ltd., Jan. 28, 1999).

evaluations and quality standards (e.g., ISO 9001 or 14001) and, for many industries, certification under the ISO guidelines has become a *de facto* international performance standard. However, ISO is a non-governmental process and has not been involved in the type of certification activities which result in quantitative output (e.g., varying levels of emission reductions), rather than passing a series of qualitative evaluations (personal communication from Marc Stuart, EcoSecurities, Ltd. Jan. 21, 1999). The involvement of the ISO would require that this organization work closely with the UNFCCC and governments.